

January 22, 2004

**U.S. Department of Justice
Federal Bureau of Investigation
11000 Wilshire Blvd.
Los Angeles, CA 90024
(310) 996-3345, 3342, 3343, 3804
Fax: (310) 996-3345**



Chicago Man Arrested For Criminal Copyright Infringement in Connection

with Prohibited Release of Major Motion Pictures, Many Prior to their Theatrical Release

Acting Assistant Director in Charge of the FBI's Los Angeles Field Office James Sheehan announced today the arrest of William Sprague, a resident of Homewood, Illinois (a suburb of Chicago) on charges of criminal copyright infringement and illegal interception of a satellite signal. The arrest was made in connection with a Los Angeles-based investigation into the compromise of a multitude of major motion pictures that surfaced on the Internet, many prior to their theatrical and/or DVD release. Among the movies released by an Internet pirating group are Master and Commander, Last Samurai, Matrix Revolutions, Mystic River, Gods and Generals, Mighty Wind, Matchstick Men, Something's Gotta Give, Love Actually, Thirteen, Calendar Girls. The major film studios affected by these releases are Warner Brothers, Sony Pictures, Universal, Fox, and Disney. Forensic analysis of the film content posted on the Internet revealed that many of the compromised movies were derived from Academy screeners that were embedded with a new digital watermark that discretely identifies the individual screening tape. This watermark can then be linked to the recipient of the screener.

Most of the compromised movies listed above had been provided to Carmine Caridi, a veteran actor of film and television, and a member of the Academy of Motion Picture Arts and Sciences for approximately 22 years. Investigation of Caridi revealed that for at least the last three years, he had supplied Russell William Sprague with virtually every Academy screener (approximately 60 movies per year). A search warrant at the Sprague residence in Illinois was executed with the assistance of the FBI's Chicago Division today. Hundreds of Academy screeners were seized, many of which had been converted to DVD, along with an array of duplication equipment. A quantity of illegal satellite television interception equipment was also seized during the search.

Sprague will be afforded an initial appearance in U.S. District Court in Chicago tomorrow.

The public is reminded that a criminal complaint contains only allegations of misconduct and that the defendant is presumed innocent until and unless proven guilty in a court of law.

###

EXHIBIT B